

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name RAISINVILLE	County MONROE
Fiscal Year End June 30, 2006	Opinion Date September 27, 2006	Date Audit Report Submitted to State October 24, 2006	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | YES | NO | Check each applicable box below. (See instructions for further detail.) |
|----|-------------------------------------|--------------------------|---|
| 1 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary. |
| 2 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures. |
| 3 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury. |
| 4 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has adopted a budget for all required funds. |
| 5 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | A public hearing on the budget was held in accordance with State statute. |
| 6 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division. |
| 7 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit. |
| 8 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit only holds deposits/investments that comply with statutory requirements. |
| 9 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin). |
| 10 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover. |
| 11 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit is free of repeated comments from previous years. |
| 12 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The audit opinion is UNQUALIFIED. |
| 13 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP). |
| 14 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The board or council approves all invoices prior to payment as required by charter or statute. |
| 15 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | To our knowledge, bank reconciliations that were reviewed were performed timely. |

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)
Financial Statements		<input checked="" type="checkbox"/>	
The letter of comments and recommendations.		<input checked="" type="checkbox"/>	
Other (Describe)		<input type="checkbox"/>	
Certified Public Account (Firm Name) McGuire & McDole CPAs		Tele[phone Number 734-854-5044	
Street Address 6588 Secor Road		City Lambertville	State MI
			Zip 48144
Authorizing CPA Signature 		Printed Name Donavon McGuire	
		License Number 1101008386	



McGuire & McDole
Certified Public Accountants

L. Donavon McGuire, CPA
Mark McDole, CPA

6588 Secor Road
Lambertville, MI 48144
Tel 734-854-5044
Fax 734-854-2540

October 18, 2006

Raisinville Township Board
Monroe, MI

Dear Board Members,

Our audit of the financial statements of Raisinville Township for the year ended June 30, 2006, was made in accordance with the generally accepted auditing standards which require that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. The scope of our audit is not intended to be a detailed review of all systems and procedures; therefore, this report should not be considered all inclusive.

As a result of our audit we have the following comments:

Excess Expenditures - The Township had one expenditure in excess of the adjusted budget amount. All expenditures should be within the amount appropriated.

Metro Authority Fees - Annual maintenance fees received from the Metro Authority may only be expended for easement related expenses. A reserve should be established for the unexpended amounts and adjusted each year.

Building Permits - There exists a discrepancy between the adopted permits fee schedule and the actual amounts charged. Either the fee schedule should be changed or the correct amount of fees charged.

We would like to take this opportunity to thank both the Board Officials and the employees who provided assistance to us during our audit. If you have any questions regarding any of the suggestions noted above or would like assistance in their implementation.

Sincerely,

McGuire & McDole

McGuire & McDole
Certified Public Accountants

RAISINVILLE TOWNSHIP

Monroe County, Michigan

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2006

RAISINVILLE TOWNSHIP

TOWNSHIP OFFICIALS

SUPERVISOR -----Gerald Blanchette

CLERK ----- Janet Kuehlein

TREASURER -----RoseMarie Meyer

TOWNSHIP BOARD

Gerald Blanchette
Janet Kuehlein
RoseMarie Meyer
Keith Henderson
Robert Oberski

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INDEPENDENT AUDITOR'S REPORT

Township Board of
Raisinville Township
96 Ida Maybee Road
Monroe, MI 48161

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Raisinville, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Raisinville Township, Michigan as of June 30, 2006, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis on pages 2 through 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion in it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Raisinville's basic financial statements. The required supplementary budgetary comparisons, and additional combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required supplementary budgetary comparisons and combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGuire & McDole

McGuire & McDole
Certified Public Accountants

September 27, 2006

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 4.9% from a year ago – increasing from \$5,408.9 thousand to \$5,671.3 thousand. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced the majority increase, of approximately \$251.1 thousand during the year (5.1% increase). The business-type activities experienced a \$11.3 thousand increase in net assets, primarily as a result of debt reduction. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Current Assets	\$ 4,386.7	\$ 4,226.9	\$ 141.5	\$ 151.5	\$ 4,528.2	\$ 4,378.4
Noncurrent Assets	8,476.0	9,010.9	493.8	526.5	8,969.8	9,537.4
Total Assets	<u>12,862.7</u>	<u>13,237.8</u>	<u>635.3</u>	<u>678.0</u>	<u>13,498.0</u>	<u>13,915.8</u>
Long-Term Debt Outstanding	7,613.7	8,237.6	117.8	171.8	7,731.5	8,409.4
Other Liabilities	<u>95.2</u>	<u>97.5</u>	<u>-</u>	<u>-</u>	<u>95.2</u>	<u>97.5</u>
Total Liabilities	<u>7,708.9</u>	<u>8,335.1</u>	<u>117.8</u>	<u>171.8</u>	<u>7,826.7</u>	<u>8,506.9</u>
Net Assets						
Invested in Capital Assets-						
Net of Debt	1,008.1	964.3	376.0	354.7	1,384.1	1,319.0
Restricted	3,700.8	3,475.3	-	-	3,700.8	3,475.3
Unrestricted (Deficit)	<u>444.9</u>	<u>463.1</u>	<u>141.5</u>	<u>151.5</u>	<u>586.4</u>	<u>614.6</u>
Total Net Assets	<u>\$ 5,153.8</u>	<u>\$ 4,902.7</u>	<u>\$ 517.5</u>	<u>\$ 506.2</u>	<u>\$ 5,671.3</u>	<u>\$ 5,408.9</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operations, decreased by \$18,200 for the governmental activities. The current level of unrestricted net assets for our governmental activities stands at \$444,900 or about 34% of expenditures.

Raisinville Township
Management's Discussion and Analysis
June 30, 2006

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Program Revenues						
Charges for Services	\$ 73.2	\$ 93.1	\$ 61.1	\$ 63.5	\$ 134.3	\$ 156.6
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	141.1	4.6	-	-	141.1	4.6
General Revenues						
Property Taxes	128.8	122.2	-	-	128.8	122.2
State-Shared Revenues	337.5	330.2	-	-	337.5	330.2
Unrestricted Investment Earnings	585.9	603.0	4.0	4.1	589.9	607.1
Franchise Fees	-	-	-	-	-	-
Transfers and Other Revenue	301.8	434.1	-	-	301.8	434.1
Total Revenues	<u>1,568.3</u>	<u>1,587.2</u>	<u>65.1</u>	<u>67.6</u>	<u>1,633.4</u>	<u>1,654.8</u>
Program Expenses						
General Government	358.2	501.6	-	-	358.2	501.6
Public Safety	205.8	164.9	-	-	205.8	164.9
Public Works	339.4	143.3	-	-	339.4	143.3
Recreation and Culture	2.8	2.6	-	-	2.8	2.6
Interest on Long-Term Debt	411.0	464.1	-	-	411.0	464.1
Water and Sewer			53.9	57.8	53.9	57.8
Total Expenses	<u>1,317.2</u>	<u>1,276.5</u>	<u>53.9</u>	<u>57.8</u>	<u>1,371.1</u>	<u>1,334.3</u>
Change in Net Assets	<u>\$ 251.1</u>	<u>\$ 310.7</u>	<u>\$ 11.2</u>	<u>\$ 9.8</u>	<u>\$ 262.3</u>	<u>\$ 320.5</u>

The Township's net assets continue to remain healthy. Revenues exceeding expenses resulted in net assets growing by \$262,300.

Governmental Activities

The Township's total governmental revenues decreased by approximately \$18,900 due to a decrease in charges for service, investment earnings, and other revenue. Despite the decrease, contributions increased by \$136,500.

Expenses increased by about \$40,700 during the year. This was primarily the result of an increase in public safety and public works that over shadowed the decrease in general government expenses.

Business-Type Activities

The Township's business-type activities consist of the Sewer Fund. We provide sewage treatment to a portion of township residents. Operations were comparable to the prior year. Water service is provided by the City of Monroe.

The Township's Funds

Our analysis of the Township's major funds begins on page 5, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2005-06 include the General Fund, and the Debt Service Fund.

The General Fund pays for most of the Township's governmental services. The most significant is fire, which incurred expenses of approximately \$129,000 in 2005-06. The fire department is funded by general revenue sources of the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. There were no significant changes. Township departments overall stayed below budget, resulting in total expenditures \$310,922 below budget. The General Fund's fund balance decreased from \$696,856 a year ago to \$633,925 at June 30, 2006

Capital Asset and Debt Administration

At June 30, 2006, the Township had \$2,697,000 invested in a broad range of capital assets, including buildings, equipment, water and sewer lines. Water lines are classified as infrastructure. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Monroe County Road Commission (along with the responsibility to maintain them).

During 2005-06 the Township reduced debt by \$677,843.

Economic Factors and Next Year's Budgets and Rates

The Township's operating budget for 2006-07 is \$935,000 compared to \$1,103,996 for the prior year. Operations will be similar to the prior year. The tax rate will remain unchanged while the taxable value of assessed property will increase approximately 6%. A fire operations special assessment of \$20.00 per parcel will be implemented.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

RAISINVILLE TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		
	<i>Governmental Activities</i>	<i>Business - Type Activities</i>	<i>Total</i>
Assets			
Cash and Cash Equivalents	\$ 4,167,207	\$ 127,052	\$ 4,294,259
Receivables (Net of Allowance for Uncollectibles):			
Assessments	6,272,884	14,445	6,287,329
Interest	109,933	-	109,933
Due From State of Michigan	109,630	-	109,630
Internal Balances	-	-	-
	<u>10,659,654</u>	<u>141,497</u>	<u>10,801,151</u>
Capital Assets:			
Land	22,200	-	22,200
Buildings and System	668,065	1,201,499	1,869,564
Improvements Other than Buildings	49,500	-	49,500
Machinery and Equipment	123,597	-	123,597
Infrastructure	1,678,709	-	1,678,709
Construction in Progress	-	-	-
Less Accumulated Depreciation	<u>(338,993)</u>	<u>(707,655)</u>	<u>(1,046,648)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>2,203,078</u>	<u>493,844</u>	<u>2,696,922</u>
Total Assets	<u>12,862,732</u>	<u>635,341</u>	<u>13,498,073</u>
Liabilities			
Accounts Payable	23,853	-	23,853
Accrued Wages	10,572	-	10,572
Accrued Interest Payable	60,812	-	60,812
Noncurrent Liabilities:			
Due Within One Year	663,883	53,960	717,843
Due in More Than One Year	6,949,784	63,900	7,013,684
Total Liabilities	<u>7,708,904</u>	<u>117,860</u>	<u>7,826,764</u>
Net Assets			
Invested in Capital Assets Net of Related Debt	1,008,078	375,984	1,384,062
Restricted for:			
Debt	3,700,803	-	3,700,803
Unrestricted	444,947	141,497	586,444
Total Net Assets	<u>\$ 5,153,828</u>	<u>\$ 517,481</u>	<u>\$ 5,671,309</u>

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 358,157	\$ 2,618	\$ -	\$ -	\$ (355,539)	\$ -	\$ (355,539)
Public Safety	205,771	70,632	-	-	(135,139)	-	(135,139)
Public Works	339,433	-	-	141,123	(198,310)	-	(198,310)
Culture and Recreation	2,823		-	-	(2,823)	-	(2,823)
Interest on Long-Term Debt	410,994		-	-	(410,994)	-	(410,994)
Total Governmental Activities	1,317,178	73,250	-	141,123	(1,102,805)	-	(1,102,805)
Business-Type Activities:							
Water and Sewer	53,886	61,085	-	-		7,199	7,199
Total Primary Government	<u>\$ 1,371,064</u>	<u>\$ 134,335</u>	<u>\$ -</u>	<u>\$ 141,123</u>	<u>(1,102,805)</u>	<u>7,199</u>	<u>(1,095,606)</u>
General Revenues:							
Property Taxes					128,816	-	128,816
State Shared Revenues					337,490	-	337,490
Franchise Fees and Permits					-	-	-
Unrestricted Investment Earnings					585,865	4,049	589,914
Miscellaneous					301,768	-	301,768
Transfers					-	-	-
Total General Revenues and Transfers					<u>1,353,939</u>	<u>4,049</u>	<u>1,357,988</u>
Change in Net Assets					251,134	11,248	262,382
Net Assets - Beginning					<u>4,902,694</u>	<u>506,233</u>	<u>5,408,927</u>
Net Assets - Ending					<u>\$ 5,153,828</u>	<u>\$ 517,481</u>	<u>\$ 5,671,309</u>

RAISINVILLE TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

Assets	General	Debt Service	Other Governmental Funds	Totals Governmental Funds
Cash and Cash Equivalents	\$ 550,366	\$ 3,590,870	\$ 25,971	\$ 4,167,207
Assessments Receivable	-	6,272,884	-	6,272,884
Interest Receivable		109,933		109,933
Due From State of Michigan	109,630	-	-	109,630
Due From Other Funds	5,594	-	-	5,594
Total Assets	\$ 665,590	\$ 9,973,687	\$ 25,971	\$ 10,665,248
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	\$ 23,853	\$ -	\$ -	\$ 23,853
Accrued Wages	7,812	-	2,760	10,572
Due to Other Funds	-	-	5,594	5,594
Deferred Revenue	-	6,272,884	-	6,272,884
Total Liabilities	31,665	6,272,884	8,354	6,312,903
Fund Balances :				
Reserved for:				
Capital Projects			-	-
Debt Service		3,700,803		3,700,803
Unreserved	633,925	-	17,617	651,542
Total Fund Equity and Retained Earnings	633,925	3,700,803	17,617	
Total Liabilities, Equity, and Retained Earnings	\$ 665,590	\$ 9,973,687	\$ 25,971	4,352,345

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,203,078
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,272,884
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,674,479)</u>
Net Assets of Governmental Activities	\$ <u>5,153,828</u>

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	<i>General</i>	<i>Debt Service</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:				
Taxes and Penalties	\$ 128,816	\$ -	\$ -	\$ 128,816
Licenses and Permits	-		70,632	70,632
State Grants	336,692		798	337,490
Charges for Services	2,618	-	-	2,618
Assessments	-	650,163	4,627	654,790
Interest	24,354	561,511	-	585,865
Other	238,158	63,610	-	301,768
Total Revenues	<u>730,638</u>	<u>1,275,284</u>	<u>76,057</u>	<u>2,081,979</u>
Expenditures:				
Current:				
General Government	320,763	-	-	320,763
Public Safety	128,975		76,796	205,771
Public Works	300,574		5,285	305,859
Recreational and Cultural	2,823	-	-	2,823
Other	-	9,726	-	9,726
Capital Outlay	39,971	-	-	39,971
Debt Service:				
Principal	-	623,883	-	623,883
Interest and Fiscal Charges	-	416,208	-	416,208
Total Expenditures	<u>793,106</u>	<u>1,049,817</u>	<u>82,081</u>	<u>1,925,004</u>
Excess of Revenue Over (Under) Expenditures	<u>(62,468)</u>	<u>225,467</u>	<u>(6,024)</u>	<u>156,975</u>
Other Financing Sources (Uses):				
Proceeds from Bonds	-	-	-	-
Operating Transfers In	-	-	463	463
Operating Transfers Out	(463)	-	-	(463)
Total Other Financing Sources (Uses)	<u>(463)</u>	<u>-</u>	<u>463</u>	<u>-</u>
Excess of Revenue & Other Financing Sources Over Expenditures & Other Financing Uses	<u>(62,931)</u>	<u>225,467</u>	<u>(5,561)</u>	<u>156,975</u>
Fund Balance - Beginning	<u>696,856</u>	<u>3,475,336</u>	<u>23,178</u>	
Fund Balance - Ending	<u>\$ 633,925</u>	<u>\$ 3,700,803</u>	<u>\$ 17,617</u>	

Amounts reported for governmental activities in the statement of activities are different because:

-Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (21,271)

-Special assessment and similar revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (513,667)

-Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 623,883

-Bond proceeds are not reported as financing sources in the statement of activities -

-Increases in accumulated employee vacation pay and similar expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 5,214

Change in Net Assets of Governmental Activities \$ 251,134

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
PROPRIETARY FUND STATEMENT OF NET ASSETS
JUNE 30, 2006

Assets	<u>Sewer Current Year</u>	<u>Sewer Prior Year</u>
Current Assets:		
Cash and Cash Equivalents	\$ 127,052	\$ 129,913
Current Portion of assessments Receivable	6,413	7,700
Noncurrent Assets:		
Assessments Receivable	8,032	13,967
Capital Assets	1,201,499	1,201,499
Less Accumulated Depreciation	<u>(707,655)</u>	<u>(675,026)</u>
Total Assets	<u>635,341</u>	<u>678,053</u>
Liabilities		
Current Liabilities:		
Accounts Payable	-	-
Current Portion of Non-current Liabilities	53,960	53,960
Non-current Liabilities		
Bonds Payable	<u>63,900</u>	<u>117,860</u>
Total Liabilities	<u>117,860</u>	<u>171,820</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	-	354,653
Unrestricted	<u>141,497</u>	<u>151,580</u>
Total Net Assets	<u><u>\$ 517,481</u></u>	<u><u>\$ 506,233</u></u>

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP**PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Sewer Current Year</u>	<u>Sewer Prior Year</u>
Operating Revenue:		
Charges for Service	\$ 54,853	\$ 62,519
Other Revenue	<u>6,232</u>	<u>1,000</u>
Total Operating Revenue	<u>61,085</u>	<u>63,519</u>
Operating Expenses:		
Operation and Maintenance Expense	13,877	14,725
Depreciation	<u>32,629</u>	<u>32,629</u>
Total Operating Expenses	<u>46,506</u>	<u>47,354</u>
Net Operating Income	14,579	16,165
Non-Operating Revenue (Expenses)		
Interest Income	4,049	4,148
Interest Expense	<u>(7,380)</u>	<u>(10,458)</u>
Total Non-Operating Revenue (Expenses)	<u>(3,331)</u>	<u>(6,310)</u>
Change in Net Assets	11,248	9,855
Net Assets - Beginning	<u>506,233</u>	<u>496,378</u>
Net Assets - Ending	<u><u>\$ 517,481</u></u>	<u><u>\$ 506,233</u></u>

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

	Sewer <u>Current Year</u>	Sewer <u>Prior Year</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 61,084	\$ 63,519
Payments to suppliers	<u>(13,876)</u>	<u>(14,725)</u>
Net Cash Provided by Operating Activities	<u>47,208</u>	<u>48,794</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assessment Collections	7,222	8,071
Principal Paid on Debt	(53,960)	(53,960)
Interest Paid on Debt	<u>(7,380)</u>	<u>(10,458)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(54,118)</u>	<u>(56,347)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Revenue	<u>4,049</u>	<u>4,148</u>
Net Cash Provided by Investing Activities	<u>4,049</u>	<u>4,148</u>
Net Decrease In Cash and Cash Equivalents	(2,861)	(3,405)
Cash and Cash Equivalents - Beginning	<u>129,913</u>	<u>133,318</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 127,052</u></u>	<u><u>\$ 129,913</u></u>
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 14,579	\$ 16,165
Depreciation	<u>32,629</u>	<u>32,629</u>
Net Cash Provided by Operating Activities	<u><u>\$ 47,208</u></u>	<u><u>\$ 48,794</u></u>

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
FIDUCIARY FUND STATEMENT OF NET ASSETS
JUNE 30, 2006

	<i>Pension Trust Fund</i>	<i>Agency Fund Type (Property Tax Collection Fund)</i>
Assets		
Cash and Cash Equivalents	\$ -	\$ 6,717
Investments at Fair Value:		
Mutual Funds	<u>219,100</u>	<u>-</u>
Total Assets	219,100	<u><u>\$ 6,717</u></u>
 Liabilities		
Due to Others	<u>-</u>	<u>\$ 6,717</u>
Total Liabilities	-	<u><u>\$ 6,717</u></u>
 Net Assets		
Held in Trust for Pension Benefits	<u><u>\$ 219,100</u></u>	

See Accompanying Notes to the Financial Statements.

RAISINVILLE TOWNSHIP
FIDUCIARY FUND STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	<i>Pension Trust Fund</i>
Additions:	
Contributions	
Employer	\$ 10,432
Plan Members	<u>5,456</u>
Total contributions	15,888
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	<u>14,260</u>
Total Additions	30,148
Deductions:	
Participant Withdrawals	<u>-</u>
Net Change in Net Assets	30,148
Net Assets - Beginning	<u>188,952</u>
Net Assets - Ending	<u><u>\$ 219,100</u></u>

See Accompanying Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

- NOTE 1 - *Summary of Significant Accounting Policies*
- NOTE 2 - *Reconciliation of Government-Wide and Fund Financial Statements*
- NOTE 3 - *Stewardship, Compliance and Accountability*
- NOTE 4 - *Deposits and Investments*
- NOTE 5 - *Receivables*
- NOTE 6 - *Capital Assets*
- NOTE 7 - *Interfund Receivables, Payables and Transfers*
- NOTE 8 - *Leases*
- NOTE 9 - *Long-term Debt*
- NOTE 10 - *Risk Management*
- NOTE 11 - *Other Post-Employment Benefits*
- NOTE 12 - *Employee Retirement Plan*
- NOTE 13 - *Pending Litigation*
- NOTE 14 - *Raisinville Township - City of Monroe Water Main Agreement*
- NOTE 15 - *London, Maybee, Raisinville Joint Powers Fire Department*

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Raisinville Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Raisinville Township:

A - Reporting Entity

The Local Governmental Unit is governed by an elected five member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Raisinville Township has no component units.

B - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered available only when cash is received by the government.

Raisinville Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Raisinville Township as of the preceding December 31st. Although Raisinville Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is Raisinville Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). The 2005 taxable valuation of Raisinville Township totaled \$168.1 million, on which ad valorem taxes levied consisted of .7584 mills for Raisinville Township operating purposes, raising \$127,418 for operating. This amount is recognized in the General Fund financial statements as taxes receivable - current or as tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for all assessment debt payments and related assessment revenue.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the township employees retirement system which accumulates resources for pension benefit payments to qualified employees.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The sewer fund also recognizes tap fees as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets--Revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Raisinville Township's water and sewer lines.

Capital Assets--Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Improvements Other than Buildings	20 years
Machinery and Equipment	3 to 15 years
Water and Sewer Lines	30 to 60 years
Infrastructure	50 years

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$7,674,481 are as follows:

Bonds payable	\$ 7,613,667
Accrued interest payable	<u>60,812</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 7,674,479</u></u>

NOTE 2--RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures; in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$(21,271) are as follows:

Capital outlay	\$	39,972
Depreciation		<u>(61,243)</u>
	\$	<u><u>(21,271)</u></u>

NOTE 3--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and all special revenue funds. All annual appropriations lapse at fiscal year end. On or before the 1st day of April the Supervisor shall prepare and submit to the Township Board a recommended budget within the tax limit and other revenue sources of the Township covering the next fiscal year. A public hearing on the budget shall be held before its final adoption. On or before the end of the fiscal year, the Township Board shall adopt a budget for the ensuing fiscal year. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. (i.e., The level at which expenditures may not legally exceed appropriations). The Supervisor is authorized to transfer budgeted amounts between line-items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Raisinville Township incurred expenditures in two budgeted activities which was in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Actual Expenditure</u>	<u>Budget Appropriation</u>
Public Safety--Fire Protection	\$ 128,975	\$ 120,576

Fund Deficits--The Local Governmental Unit has no accumulated fund balance/retained earning deficits.

NOTE 4--DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Raisinville Township's Board has designated two banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

Raisinville Township's deposits and investment policy are in accordance with statutory authority.

At year-end, Raisinville Township's deposits and investments were reported in the basic financial statements in the following categories:

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Fiduciary Funds</i>	<i>Total</i>
Cash and Cash Equivalents	\$ 4,167,207	\$ 127,052	\$ 6,717	\$ 4,300,976
Investments	-	-	219,100	219,100
Total	<u>\$ 4,167,207</u>	<u>\$ 127,052</u>	<u>\$ 225,817</u>	<u>\$ 4,520,076</u>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 4,300,976
Investments in mutual funds	219,100
Total	<u>\$ 4,520,076</u>

The bank balance of the primary government's deposits is \$4,440,893, of which \$102,496 is covered by federal depository insurance.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Governmental Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

NOTE 4--DEPOSITS AND INVESTMENTS (Continued)

At year-end, the government's investment balances were categorized as follows:

	<i>Category</i>			<i>Reported Amount (Fair Value)</i>
	<u>1</u>	<u>2</u>	<u>3</u>	
Primary Government				
U.S. Government Securities	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-
Repurchase Agreements	-	-	-	-
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Investments Not Subject to Categorization				
Mutual Funds				<u>219,100</u>
Total Primary Government				<u><u>\$ 219,100</u></u>

NOTE 5--RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<i>Debt Service</i>	<i>Sewer</i>	<i>Total</i>
Special Assessments	<u>\$ 6,272,884</u>	<u>\$ 14,445</u>	<u>\$ 6,287,329</u>
Gross Receivables	6,272,884	14,445	6,287,329
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u><u>\$ 6,272,884</u></u>	<u><u>\$ 14,445</u></u>	<u><u>\$ 6,287,329</u></u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<i>Unavailable</i>
Special Assessments	<u><u>\$ 6,272,884</u></u>
Total	

NOTE 6--CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u><i>Governmental Activities</i></u>				
Capital Assets Not Being Depreciated:				
Land	\$ 22,200	\$ -	\$ -	\$ 22,200
Construction in Progress	-	-	-	-
	<u>22,200</u>	<u>-</u>	<u>-</u>	<u>22,200</u>
Capital Assets Being Depreciated:				
Buildings	634,038	34,027	-	668,065
Improvements Other Than Buildings	49,500	-	-	49,500
Machinery and Equipment	117,652	5,945	-	123,597
Infrastructure	1,678,709	-	-	1,678,709
Subtotal	<u>2,479,899</u>	<u>39,972</u>	<u>-</u>	<u>2,519,871</u>
Less Accumulated Depreciation for:				
Buildings	141,975	16,702	-	158,677
Improvements Other Than Buildings	15,076	1,238	-	16,314
Machinery and Equipment	84,795	9,729	-	94,524
Infrastructure	35,904	33,574	-	69,478
Subtotal	<u>277,750</u>	<u>61,243</u>	<u>-</u>	<u>338,993</u>
Net Capital Assets Being Depreciated	<u>2,202,149</u>	<u>(21,271)</u>	<u>-</u>	<u>2,180,878</u>
Governmental Activities Capital Total Capital Assets--Net of Depreciation	<u>\$ 2,224,349</u>	<u>\$ (21,271)</u>	<u>\$ -</u>	<u>\$ 2,203,078</u>
<u><i>Business-Type Activities</i></u>				
Capital Assets Being Depreciated:				
Lines and Connections	\$ 1,201,499	\$ -	\$ -	\$ 1,201,499
Less Accumulated Depreciation for:				
Lines and Connections	<u>675,026</u>	<u>32,629</u>	<u>-</u>	<u>707,655</u>
Net Capital Assets Being Depreciated	<u>526,473</u>	<u>(32,629)</u>	<u>-</u>	<u>493,844</u>
Business-Type Activities Capital Total Capital Assets--Net of Depreciation	<u>\$ 526,473</u>	<u>\$ (32,629)</u>	<u>\$ -</u>	<u>\$ 493,844</u>

Depreciation expense was charged to programs of the primary government as follows:

<u><i>Governmental Activities</i></u>	
General Government	\$ 27,669
Public Works	<u>33,574</u>
Total Governmental Activities	<u>\$ 61,243</u>
<u><i>Business-Type Activities</i></u>	
Sewer	<u>\$ 32,629</u>

NOTE 7--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-Major Governmental Funds	<u>\$ 5,594</u>

Interfund Transfers

	<u>Transfers In</u>		<u>Total</u>
	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	
<u>Transfers Out</u>			
General Fund	\$ -	\$ 463	\$ 463
Non-Major Governmental Funds	-	-	-
Total	<u>\$ -</u>	<u>\$ 463</u>	<u>\$ 463</u>

NOTE 8--LEASES

Raisinville Township had no lease obligations at June 30, 2006.

NOTE 9--LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

NOTE 9--LONG-TERM DEBT (Continued)

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:						
Limited Tax Obligation Bonds						
South Custer Water	6.70%	2012-13	\$ 52,250	\$ (5,500)	\$ 46,750	\$ 5,500
Blohm Road Water	6.20%	2012-13	42,750	(4,500)	38,250	4,500
Raisinville Water	6.20%	2013-14	495,000	(55,000)	440,000	55,000
Gruber-Heiss Water	5.80%	2014-15	500,830	(50,083)	450,747	50,083
Stadler Road Water	5.80%	2014-15	49,170	(4,917)	44,253	4,917
Cherry-Dixon Water	4.90%	2022-23	540,000	(30,000)	510,000	30,000
Frenchtown-Raisinville Water	4.95%	2018-19	230,000	(15,000)	215,000	15,000
Ida Water Series B	5.35%	2018-19	710,000	(55,000)	655,000	55,000
Ida Water Series C	5.45%	2018-19	720,000	(55,000)	665,000	55,000
Yensch Road Water	4.6 - 5.4%	2020-21	395,000	(20,000)	375,000	25,000
Muehleisen-Yench Water	4.38%	2021-22	470,000	(25,000)	445,000	25,000
Bluebush Stadler Water	2.5 - 4.5%	2022-23	945,000	(50,000)	895,000	50,000
Bluebush Stadler Water - B	1.5 - 4.8%	2022-23	315,000	(15,000)	300,000	15,000
County Contractual Obligations:						
Dunbar-Strasburg Water	6.0 - 7.0%	2009-10	140,000	-	140,000	35,000
Stewart Road Water	5.0 - 7.5%	2015-16	345,820	(86,455)	259,365	86,455
Steffas Heiss Water	5.0 - 5.5%	2019-20	111,730	(7,428)	104,302	7,428
N.Custer/S.Custer Water	5.0 - 5.25%	2019-20	2,175,000	(145,000)	2,030,000	145,000
Total Governmental Activities			<u>\$ 8,237,550</u>	<u>\$ (623,883)</u>	<u>\$ 7,613,667</u>	<u>\$ 663,883</u>
Business-Type Activities:						
County Contractual Obligations:						
Ida Sewer	5.00%	2007-08	\$ 171,820	\$ (53,960)	\$ 117,860	\$ 59,640
Total Business-Type Activities			<u>\$ 171,820</u>	<u>\$ (53,960)</u>	<u>\$ 117,860</u>	<u>\$ 59,640</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 663,883	\$ 386,280	\$ 59,640	\$ 4,724
2008	658,883	352,482	58,220	1,572
2009	658,883	318,844	-	-
2010	570,178	284,850	-	-
2011	537,428	255,576	-	-
2012 and after	4,524,412	1,171,156	-	-
Total	<u>\$ 7,613,667</u>	<u>\$ 2,769,188</u>	<u>\$ 117,860</u>	<u>\$ 6,296</u>

NOTE 10--RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township purchases commercial insurance for all of these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE 11--OTHER POST-EMPLOYMENT BENEFITS

The Township does not provide for post-employment benefits other than pension benefits.

NOTE 12--EMPLOYEE RETIREMENT PLAN

Defined Contribution Pension Plan

The Township provides pension benefits for all of its permanent employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus any investment earnings. The plan was established and may be amended by the Township Board.

Raisinville Township contributes eleven percent of base wages for each employee with the employee having an optional contribution of up to ten percent. An employee is fully vested after twenty-one months of service. An insurance company (Manulife Financial) administers the plan and the Township makes monthly contributions. The Township's total payroll for this year was \$172,609. The Township made the required contribution of \$10,432, on covered payroll of \$94,845. Employee contributions totaled \$5,456.

All full time employees participate in the plan.

Note 13 -- Pending Litigation

At present, there are no cases of litigation pending that would have a material effect on the financial statements.

Note 14 - Raisinville Township - City of Monroe Water Main Agreement

On December 18, 1995, Raisinville Township and the City of Monroe entered into an agreement regarding the payment of construction costs of Raisinville Water Special Assessment District No. 8. The City of Monroe advanced \$220,000 to Raisinville Township to be applied to the construction cost of water mains in District No. 8. The agreement stipulates that Raisinville Township is to repay the City of Monroe using 50% of the equity connection charges received by the Township from properties directly serviced by the District No. 8 water mains. This is a non-recourse, non-interest bearing contribution.

Note 15 - London, Maybee, Raisinville Joint Powers Fire Department

Raisinville Township, in conjunction with two other communities, has entered into a joint venture to provide fire protection for each of the communities. This is considered a joint venture with an equity interest.

The Township's estimated share of assets, liabilities, and fund equity is 50%. Summary financial information as of, and for the fiscal year ended March 31, 2006 is as follows:

	<i><u>LMR Fire Department</u></i>
Cash and Investments	\$ 65,734
Other Assets	<u>1,167,648</u>
Total Assets	<u>1,233,382</u>
 Total Liabilities	 <u>-</u>
Total Net Assets	<u><u>\$ 1,233,382</u></u>
 Total Revenue	 \$ 203,824
Total Expenses	<u>234,508</u>
Net Change in Net Assets	<u><u>\$ (30,684)</u></u>
 Current Portion of Long-Term Debt	 \$ -
Long-Term Debt, Less Current Portion	<u>-</u>
Total Debt	<u><u>\$ -</u></u>

Complete financial statements for this joint entity are available at the LMR Fire Department offices, PO Box 144, Maybee, MI 48159.

Required Supplementary Information

RAISINVILLE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i>	<i>Final Budget</i>
				<i>Positive</i>
				<i>(Negative)</i>
Beginning Fund Balance	\$ 696,856	\$ 696,856	\$ 696,856	\$ -
Resources (Inflows)				
Taxes	180,000	180,000	128,816	(51,184)
State Grants	331,000	331,000	336,692	5,692
Charges for Services	12,000	12,000	2,618	(9,382)
Interest	10,000	10,000	24,354	14,354
Other	157,500	157,500	238,158	80,658
Transfers from Other Funds	413,001	413,001	-	(413,001)
Total Resources (Inflows)	<u>1,103,501</u>	<u>1,103,501</u>	<u>730,638</u>	<u>(372,863)</u>
Amounts Available for Appropriation	<u>1,800,357</u>	<u>1,800,357</u>	<u>1,427,494</u>	<u>(372,863)</u>
Charges to Appropriations (Outflows)				
General Government:				
Township Board	48,555	48,555	41,963	6,592
Supervisor	36,000	36,000	34,441	1,559
Elections	8,500	8,500	937	7,563
Audit	12,000	12,000	9,325	2,675
Assessing Department	35,900	37,832	37,714	118
Legal	15,000	15,000	12,802	2,198
Clerk	36,000	36,000	34,533	1,467
Board of Review	1,000	1,000	554	446
Treasurer	36,000	36,000	35,218	782
Building and Grounds	139,000	139,000	78,269	60,731
Cemeteries	5,031	5,031	4,631	400
Planning Commission	10,000	10,000	3,399	6,601
Board of Zoning Appeals	1,500	1,500	975	525
Other - Unclassified	359,210	288,829	65,973	222,856
Total General Government	<u>743,696</u>	<u>675,247</u>	<u>360,734</u>	<u>314,513</u>
Public Safety				
Fire Protection	<u>105,500</u>	<u>120,576</u>	<u>128,975</u>	<u>(8,399)</u>
Public Works:				
Maintenance	250,000	303,000	298,488	4,512
Street Lighting	<u>2,000</u>	<u>2,350</u>	<u>2,086</u>	<u>264</u>
Total Public Works	<u>252,000</u>	<u>305,350</u>	<u>300,574</u>	<u>4,776</u>
Culture and Recreation				
Library	<u>2,800</u>	<u>2,823</u>	<u>2,823</u>	<u>-</u>
Transfers to Other Funds	<u>495</u>	<u>495</u>	<u>463</u>	<u>32</u>
Total Charges to Appropriations	<u>1,104,491</u>	<u>1,104,491</u>	<u>793,569</u>	<u>310,922</u>
Budgetary Fund Balance, Ending	<u>\$ 695,866</u>	<u>\$ 695,866</u>	<u>\$ 633,925</u>	<u>\$ (61,941)</u>

Supplementary Information

RAISINVILLE TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>Special Revenue</u>				
	<u>Ida Lights</u>	<u>Iott Lights</u>	<u>Liquor Control</u>	<u>Building Fund</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 3,586	\$ 1,938	\$ 152	\$ 20,295	\$ 25,971
Total Assets	<u>\$ 3,586</u>	<u>\$ 1,938</u>	<u>\$ 152</u>	<u>\$ 20,295</u>	<u>\$ 25,971</u>
 Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Wages	-	-	-	2,760	2,760
Due To Other Funds	-	-	-	5,594	5,594
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,354</u>	<u>8,354</u>
Fund Balance:					
Reserved					-
Unreserved	<u>3,586</u>	<u>1,938</u>	<u>152</u>	<u>11,941</u>	<u>17,617</u>
Total Liabilities and Fund Balance	<u>\$ 3,586</u>	<u>\$ 1,938</u>	<u>\$ 152</u>	<u>\$ 20,295</u>	<u>\$ 25,971</u>

RAISINVILLE TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	<i>Special Revenue</i>				
	<i>Ida Lights</i>	<i>Iott Lights</i>	<i>Liquor Control</i>	<i>Building Fund</i>	<i>Total</i>
Revenues:					
State Grants	\$ -	\$ -	\$ 798	\$ -	\$ 798
Permits and Fees	-	-	-	70,632	70,632
Assessments	2,652	1,975	-	-	4,627
Total Revenue	2,652	1,975	798	70,632	76,057
Expenditures:					
Current					
Public Safety	-	-	781	76,015	76,796
Public Works	2,986	2,299	-	-	5,285
Total Expenditures	2,986	2,299	781	76,015	82,081
Excess of Revenue Over (Under) Expenditures	(334)	(324)	17	(5,383)	(6,024)
Other Financing Sources (Uses):					
Operating Transfers In	265	198	-	-	463
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources	265	198	-	-	463
Excess of Revenue And Other Financing Sources Over Expenditures And Other Financing Uses	(69)	(126)	17	(5,383)	(5,561)
Fund Balance - Beginning	3,655	2,064	135	17,324	23,178
Fund Balance - Ending	<u>\$ 3,586</u>	<u>\$ 1,938</u>	<u>\$ 152</u>	<u>\$ 11,941</u>	<u>\$ 17,617</u>